

Message Text

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12

ORIGIN NEA-10

INFO OCT-01 ISO-00 ABF-01 AID-05 TRSE-00 OMB-01 AGR-05

EB-07 L-02 CIAE-00 INR-07 NSAE-00 OPIC-03 H-02 SS-15

SP-02 NSC-05 /066 R

DRAFTED BY NEA/INS:RBMORLEY-M/FRM/FM:RPWHITENE

APPROVED BY NEA/INS:DKUX

AID/NESA:CHREES (DRAFT)

TREASURY:BCM/FCS:DACHIODO

----- 006335

R 212101Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652:N/A

TAGS: ABUD, EFIN, IN

SUBJECT: ST. JOHN'S

REF: A) NEW DELHI, 4864; B) NEW DELHI 5391; C) NEW DELHI
6102; D) NEW DELHI 6023; E) STATE 101009

1. WE WISH TO MOVE AHEAD WITH GRANT FOR ST. JOHN'S AS
QUICKLY AS POSSIBLE BUT CONCLUDE BEST WE CAN DO UNDER CIR-
CUMSTANCES OUTLINED BELOW IS TOKEN RS 3 MILLION SOMETIME
IN JUNE WITH REMAINING RS 23 MILLION HOPEFULLY EARLY IN
FY 76. WE ARE PUZZLED AT CONCLUSION DRAWN IN NEW DELHI
6102 THAT WASHINGTON SOMEHOW RESPONSIBLE FOR EMBASSY'S
REPORTING A) THAT RS 65 MILLION FOR NEPAL WAS DRAWN FROM
COOLEY A AND B) THE SAME SUM FOR THE SAME PURPOSE WAS DRAWN
FROM COOLEY B. YOUR LOGIC ESCAPES US. HOWEVER, LET'S NOT
ARGUE WHOSE FACE SHOULD HAVE EGG ON IT, BUT GET ON WITH
SOLVING PROBLEM.

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2. DRAWING FROM NEW DELHI 4864 WE HAVE RECONSTRUCTED COOLEY B AVAILABILITIES FROM EMBASSY FIGURES AS INDICATED BELOW. EMBASSY WILL NOTE WE HAVE ACCEPTED POSITION (NEW DELHI 5509) THAT, SINCE JOINT RESEARCH PROJECTS SUPPOSEDLY FINANCED FROM COOLEY A ACTUALLY FINANCED FROM RUPEE ACCOUNT,

RS 11 MILLION AVAILABLE FOR LEGITIMATE PL 480 USES AND THEREFORE REFLECTED IN COOLEY B BALANCE. FIGURES REFLECT MOST PESSIMISTIC ESTIMATES PROVIDED BY EMBASSY.

THOUSANDS OF RS

BALANCE APRIL 11	47400	
RECEIPTS DURING REMAINDER OF APRIL		6000
BALANCE APRIL 30	53400	
RECEIPTS DURING MAY	4100	
BALANCE MAY 31	57500	
RECEIPTS DURING JUNE	34100	
NOTIONAL ATTRIBUTION	11000	
EMBASSY'S "WORST CASE" DEFAULT		-10000
ESTIMATE (OVER 3 MONTHS PERIOD)		
EXPENDITURES APRIL 11 - JUNE 30		- 2500
BALANCE JUNE 30	90100	
REQUIRED FOR JULY 1 CONVERSION		-50000
"CARRY-OVER" INTO FY 76	40100	

THESE FIGURES ARE ASSUMED TO BE NET OF REPAYMENT OF RS 65 MILLION TO COOLEY A FOR AID TO NEPAL. THUS, WE BOTH AGREE THAT IF THESE FIGURES ARE REALIZED, THERE SHOULD BE ENOUGH MONEY IN TILL THIS FISCAL YEAR TO TAKE CARE OF RS 26 MILLION ST. JOHN'S COMMITMENT. HOWEVER, WE MUST NOT ONLY HAVE ENOUGH CURRENCY IN THE COOLEY B ACCOUNT TO COVER THE RS 26 MILLION FOR ST. JOHN'S ABOVE OTHER REQUIREMENTS IN THIS FISCAL YEAR, BUT WE MUST BE ASSURED THAT THERE WILL BE SUFFICIENT PL 480 RUPEES TO TAKE CARE OF ALL REQUIREMENTS THROUGH FY 1977, THE LAST YEAR THAT TRANSFERS TO NEPAL WILL BE A DRAIN ON REFLOWS. WE ESTIMATED LAST YEAR (STATE 144385), AND STILL ESTIMATE, A POTENTIAL SHORTAGE OF ABOUT 36 MILLION RUPEES PENDING CONGRESSIONAL APPROVAL OF THE FY 1976 FBO APPROPRIATION WITH LANGUAGE PERMITTING LIMITED OFFICIAL USE

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FBO TO USE NON-PL 480 CURRENCIES FROM THE RUPEE ACCOUNT. WE ANTICIPATE FAVORABLE CONGRESSIONAL ACTION BY SEPTEMBER, AT WHICH TIME, GIVEN SUFFICIENT BALANCES, WE CAN MOVE FOR ALLOCATION OF THE FULL AMOUNT FOR ST. JOHN'S IN FY 1976.

3. TREASURY POSITION IN THIS FISCAL YEAR REMAINS AS BEFORE: RS 50 MILLION MUST BE AVAILABLE FOR JULY 1 CONVERSION, AND ACCOUNT THEREFORE SHOULD NOT FALL BELOW THAT LEVEL BETWEEN

NOW AND JUNE 30. SINCE CONVERSION DUE IN ABOUT SIX WEEKS,
THIS IS A REASONABLE AND PRUDENT POSITION AT THIS POINT
IN FISCAL YEAR.

4. WE CANNOT GO FORWARD WITH FULL RS 26 MILLION GRANT
FOR ST. JOHN'S UNTIL AT LEAST SEPTEMBER. HOWEVER, IF IT
WOULD PROVE USEFUL, WE ARE PREPARED TO CONSIDER A TOKEN

GRANT UP TO RS. 3 MILLION BY THE END OF JUNE. PLEASE
ADVISE IF YOU WISH THIS ACTION PURSUED. INGERSOLL

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